

SERVICE QUALITY

Engineering and Management Services Department

The staff of the engineering and management services department conducts depreciation studies and provides specialized engineering analysis and assistance for all types of regulated utilities.

The department has technical responsibilities in two separate areas.

Management Analysts develop, enhance and support utility management to provide quality services to customers and effective cost control of critical resources such as capital, technology and human resources.

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QUICK FACT

The engineering staff's role is to conduct depreciation studies and provide specialized engineering analysis and assistance for all types of regulated utilities.

Major Projects During 2007

Management Analysts participated in a variety of cases and audit projects during 2007. EMSD staff completed and filed a management audit of Aquila, Inc. ordered by the commission in Case No. EO-2006-0356. Staff's investigation examined the impacts on Missouri consumers resulting from Aquila's past decisions regarding incentive and executive compensation, employee bonus payments, pension and other post-employee benefits funding controls, the South Harper generating facility, decisions Aquila made regarding both regulated and unregulated activities as well as decisions Aquila made that may have involved activity that was illegal, inappropriate or improper under state or federal guidelines. The staff's report resulted in a number of recommendations to company management.

Staff participated in the Telecommunications Department's review of Universal Service Fund certification and analyzed a variety of CenturyTel processes and practices including customer billing and payment remittances, credit and collections, local business office operations, call center performance and the company's handling of customer complaints and inquiries. Due to the size of the company and its numerous locations throughout Missouri, CenturyTel was the only USF company audited by the PSC staff this year. The department's audit work was similar to reviews conducted on the small water and sewer companies described below.

Staff completed its participation in the Kansas City Power and Light Company rate case, Case No. ER-2006-0314, during FY 2007. Staff's involvement in this case included rebutting company testimony that requested rate of return adjustments for superior utility performance as compared to other utilities around the country. Staff also participated in the Atmos Energy Corporation rate case, Case No. GR-2006-0387, filing direct testimony and a subsequent staff report in response to commission questions regarding the company's quality of service. Staff's testimony primarily addressed concerns with the company's call center operations between the utility's two call centers in Metairie, Louisiana and Amarillo, Texas.

Staff participated in Case No. GW-2007-0099, an investigation into the service and billing practices of regulated gas, energy and water utilities that serve residential customers. Staff's participation included drafting requests of inquiry into utility operations and

developing draft report sections regarding staff activities to determine the service and billing practices of regulated utilities.

Service quality comparisons between Missouri residential natural gas customers served by farm tap customers and customers served by local distribution companies were also analyzed during this period. Staff's analysis was incorporated into a final report submitted to the Missouri Public Service Commission in January 2007.

The department continued to participate in reviews of numerous small water and sewer companies to assist them in providing sound customer service, and efficient and effective business practices. The audit program is designed to assist small companies in a variety of areas including customer billing, credit and collections, complaint handling, business office operations and others. Two such cases during this time period required formal participation in filings by the staff including a rate case filed by Algonquin Water Resources of Missouri LLC, Case No. WR-2006-0425, and a staff-filed complaint against Suburban Water Company, Case No. WC-2007-0452.

Management analysts responded to a number of public comments and complaints regarding Union Electric Company d/b/a AmerenUE's service outages as well as participated in additional analysis and follow-up to AmerenUE's past storm restoration efforts in Case No. EO-2007-0037. Staff also attended numerous local public hearings regarding AmerenUE's outages.

The staff continued to receive and review quality of service reports from a variety of companies as a result of merger and rate cases. These reports contain information regarding customer

service including data on call center indicators such as average speed of answer (ASA) and abandoned call rate (ACR). Staff presently monitors call center performance of all of the state's regulated large natural gas and electric companies as well as Missouri-American Water Company.

Staff continued its comprehensive customer service review of Missouri Gas Energy. MGE serves approximately 500,000 gas customers in Missouri. During the course of this review, staff traveled to the company's Kansas City office to conduct on-site work which included the performance of field observations and interviews with company personnel. Areas analyzed include the company's billing, credit and collections, service disconnection and reconnection processes, diversion, call center operations, service order processes, meter reading and payment remittance processes.

Engineering staff performed depreciation analyses for several large and small companies during this fiscal year. The purpose of depreciation in a regulatory environment is to recover the original cost of capital investment from customers and allocate the costs over the useful life of the assets. Annual depreciation expense, distributed over the life of each asset, results in the full recovery of the original cost of capital assets. The engineers' objective is to propose depreciation rates that are fair and appropriate for each company as well as its customers. Depreciation comprises a significant component of the cost used to develop utility rates paid by consumers.

During 2007, engineering staff performed depreciation analyses of several large and small companies and conducted comprehensive depreciation studies in the context

of rate cases filed by Kansas City Power and Light, Missouri-American Water Company, Union Electric Company d/b/a AmerenUE, Atmos Energy Corporation and Aquila. The depreciation engineers performed depreciation analysis of the plant accounts at these utilities, filed numerous rounds of testimony and testified at many of the proceedings.

Depreciation engineers also performed depreciation analyses to determine the revenue requirement of numerous small water and sewer companies and filed testimony in the formal rate case filed by Algonquin Water Resources of Missouri LLC, Case No. WR-2006-0425.

The staff also participated in House Bill 360 depreciation rate requests for Northeast Missouri Rural Telephone Company, Case No. IU-2007-0362, and participated in New Florence Telephone Company's transfer of assets to Tiger Telephone, Inc., Case No. TO-2007-0139.

The engineering staff continues to be involved in the staff investigation of the reservoir failure of AmerenUE's Taum Sauk dam which occurred December 14, 2005.

The engineering staff has been working within a multi-department team with engineers from the commission's Energy Department as well as commission attorneys in Case No. ES-2007-0470.

During this time, the staff provided assistance to the Financial Analysis Department for a number of recommendations in finance cases.

Consumer Services Department

The Consumer Services Department serves as the central repository for consumer complaints and inquiries received by the commission.

Consumer complaints may be filed with the commission by mail, facsimile, e-mail or the commission's consumer toll-free hotline **1-800-392-4211**. Complaints may also be submitted on-line through the commission's website.

Consumer services specialists receive, investigate and respond to billing and service issues involving natural gas, electric, water, sewer and telecommunications companies regulated by the commission.

The investigation of complaints may involve consulting with the commission's technical staff, utility representatives and researching utility tariffs as well as the commission rules and regulations. Through the handling of consumer complaints, specialists work to enforce commission rules and utility tariffs.

Specialists also interact with other PSC staff regarding consumer service issues in proposed rulemakings on the state and federal level. This interaction also involves participating in customer-service focused reviews of utility operations and participating in formal cases before the commission regarding issues that impact customer services.

Consumer service specialists also refer consumers to other agencies that may provide the needed assistance.

